

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairperson Don Myers at 9:00 a.m. on February 4, 1998 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Chairman Don Myers mentioned to the Committee that the hearing on **HB 2649** will continue tomorrow, February 5.

HB 2679 - Electric utilities required to show components of bills ("bill unbundling")

Staff distributed copies of States with Bill Unbundling Legislation (Attachment #1). Also, Staff distributed copies of a balloon with amendments that were proposed by various conferees regarding **HB 2679** (Attachment #2). The Chairman also noted that copies of balloons from Representative McKinney (Attachment #3) and Representative Sloan (Attachment #4) were also being distributed regarding **HB 2679**.

The Chairman indicated that the Committee would begin looking at the amendments prepared by Staff as proposed by the conferees in yesterday's meeting and go through them item by item.

The Chairman recognized Representative Kuether who made a motion to accept the amendment to insert after line 14, (2) "Customer services" means services to provide for the functions of metering, billing and collection of bills. Representative Vining seconded the motion. Discussion and questions followed. Motion failed.

The Chairman recognized Representative McKinney who made a motion to adopt the date of July 1, 1999 on line 30, for the Commission to adopt rules and regulations and July 1, 2000, line 34, for implementation by utility, which would roll both dates forward six months. Representative Alldritt seconded the motion. Discussion and questions followed. With the approval from Representative Alldritt, who seconded the motion, Representative McKinney withdrew his motion.

Representative McKinney restated the previous motion to accept the portion of the balloon consistent with the Kansas Corporation Commission request regarding dates that on line 29, leave the date as is, January 1, 1999; on line 30, the date would read July 1, 2000; and on line 34, the date would read July 1, 2000. Representative Aurand seconded the motion. Motion carried.

The Chairman requested Staff, Mary Ann Torrence, Revisor, to explain what the next two paragraphs of the Staff-prepared balloon do. The Revisor explained that they were her attempt to draft the language that the Municipal Utilities requested. Discussion and questions followed.

The Chairman recognized Representative McKinney who referred to his balloon amendment and made a motion to add, at line 39, "if a municipal electric utility's annual gross revenues are \$200,000 or more, such ", and strike "a municipal electric". Representative Klein seconded the motion. Discussion and questions followed. Representative McKinney closed and moved his motion. Motion carried. Representative Sloan requested that he be recorded as voting "no" on this motion. Representative McKinney had also distributed copies of the 1995 Retail Electric Revenues -- Kansas MEUs and explained what was listed (Attachment #5). Questions and discussion followed.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 514-S Statehouse, at 9:00 a.m. on February 4, 1998.

The Chairman recognized Representative Aurand who made a motion to amend on Page 2 of the bill, lines 4 and 5, to combine items (2) distribution service charges and (3) transmission service charges as a single item. Representative McKinney seconded the motion. Discussion followed. Representative Aurand closed and moved his motion. Motion failed.

The Chairman recognized Representative Sloan who made a motion in his balloon amendment to amend on Page 2, line 6, to remove "transactional" and insert "direct"; and on line 8, remove "other taxes included in rates" and insert "indirect taxes paid by the utility or electric cooperative, based on an average per kilowatt hour"; and add after line 8, "(6) customer service charges"; and add "(e) Examples of the types of charges that constitute customer service charges and the types of taxes that constitute direct taxes and indirect taxes shall be given on retail electric bills."; along with giving the Kansas Corporation Commission the language needed to define customer service charges. Representative Stone seconded the motion. The definition of customer service charges was discussed. Representative Sloan indicated that he felt the Commission would have to define customer service charges from the standpoint that various companies have various charges in it and requested that the Revisor, Mary Ann Torrence, put language in the bill that would give the Commission that authority. The Revisor suggested leaving that up to the Commission also. The Revisor mentioned that Lynne Holt, Legislative Research Department, had shown Representative Sloan some language from the state of New Jersey that talked about customer services because of metering, billing and other administrative activities associated with maintaining a customer account. The Revisor stated that it would be a little more open and then the Commission could determine what defining is necessary. The Chairman inquired of David Dittmore, present, of the Kansas Corporation Commission, to speak as to what that would encompass if customer services charges is added as an item to the bill. Mr. Dittmore responded that the KCC could define customer services charges. It was determined that the question on the motion would be divided into three parts for voting: Item 1 - lines 6,7 and 8, involving direct and indirect taxes. Representative Sloan closed and moved his motion. Motion carried. Item 2 - involving customer services charges. Representative Sloan closed and moved his motion. Motion carried. Item 3 - involving examples of the types of charges that constitute customer service charges and types of taxes that constitute direct and indirect taxes. Representative Sloan closed and moved his motion. Motion carried.

Discussion and questions followed regarding Page 2 of the Staff-prepared balloon amendments regarding the two (e)'s listed. The Chairman asked that the Revisor, Mary Ann Torrence, to explain both issues. The Revisor explained that there are two separate issued. She mentioned that the first item was the amendment proposed by Western Resources/KGE and supported by KCPL that the public utility be able to recover the cost of compliance with the provision of the section.

The Chairman recognized Representative Johnson who made a motion to adopt in the Staff-prepared balloon the section on Page 2, first (e) "All costs incurred by a public utility to comply with the provisions of this section shall be recoverable in either the utility's regulated rates or through a surcharge to be established by the commission." Representative Stone seconded the motion. Discussion and questions followed. The Chairman put the question on this motion on hold due to lack of time and the Committee will discuss it further and vote on the motion at another meeting next week.

The meeting was adjourned at 10:00 a.m.

The next meeting is scheduled for February 5, 1998.

HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: February 4, 1998

NAME	REPRESENTING
Bill James	Boeing
Dave Dittmore	KCC
Larry Holloway	KCC
Cindy Deaton	DOT
WALKER HENDRIX	CURB
Wayne Kitchen	Western Resources
J.C. Long	UtiliCorp United
DR Willy	Via Christi
Joe Dick	KCK BPU
Louise Stroup Jr.	KMY
Jessie Kaufman	Ks Farm Bureau
Phil Hanson	KMEA / KMU
Jim Widener	KMEA
Larrie Ann Brown	KS Govt Consult
Earrie Lehman	Western Resources
Mike Taylor	City of Wichita
Ken Gully	League of KS Municipalities

February 3, 1998

STATES WITH BILL UNBUNDLING LEGISLATION

California. Part of comprehensive restructuring legislation (1996 AB 1890)—utilities must disclose the following components on electric bills: (1) the total charges associated with transmission and distribution, including that portion comprising research, environmental, and low-income funds; and (2) the total charges associated with generation, including the competitive transition charges.

Idaho. Not part of comprehensive restructuring legislation (1997 S.B. 399)—electric utilities with 1,000 or more customers, cooperatives, and municipal corporations must separate cost information among utility functions, consisting, at a minimum, of generation, transmission, and distribution services and other categories as the Commission may deem relevant. (The Commission's determination of other categories applies only to those utilities under the Commission's jurisdiction.)

Illinois. Part of comprehensive restructuring legislation (1997 H.B. 362)—each electric utility must file a delivery services tariff with components of delivery services defined in the bill as: "those services provided by the electric utility that are necessary in order for the transmission and distribution systems to function so that retail customers located in the electric utility's service area can receive electric power and energy from suppliers other than the electric utility, and shall include, without limitation, standard metering and billing services." The Commission has jurisdiction to determine the extent to which such services should be offered on an unbundled basis. A working group must be formed by the Commission to develop consumer education materials. These materials must include concise explanations and descriptions of various specified items, including the components of a bill that could be received by a customer taking delivery services.

Maine. Part of comprehensive restructuring legislation (1997 H.P. 1274-L.D. 1804)—beginning January 1, 1999, electric utilities must issue bills that state the current cost of electric capacity and energy separately from distribution and transmission charges and other charges for electric service. By January 31, 1998, each electric utility must file with the Commission a bill unbundling proposal. The Commission must complete a review of those proposals and adopt a rule establishing unbundled bill requirements by July 1, 1998. The Commission must determine each utility's costs of providing electric billing and metering services that are reflected in consumer rates, including capital costs, depreciation and operating expenses and taxes, and will separate this portion of the consumer rate into a separate charge.

Massachusetts. Part of comprehensive restructuring legislation (1997 H.B. 5137)—beginning January 1, 1998, all electric and gas bills sent to retail customers must be unbundled to separately reflect the rates charged for generation, transmission, and distribution services,

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Attachment 1

as well as any other charges added pursuant to law. Any transition charges must be reflected separately on bills as of March 1, 1998.

Montana. Part of comprehensive restructuring legislation (1997 S.B. 390)—electrical bills must disclose at a minimum: (1) distribution and transmission charges; (2) electricity supply charges; (3) competitive transition charges; and (4) universal system benefits charges. Local governing bodies of electric cooperatives and municipal electric utilities will retain authority for those utilities regarding information contained in customer bills.

Nevada. Rate unbundling is not addressed in 1997 A.B. 366, Nevada's comprehensive restructuring legislation.

New Hampshire. Part of comprehensive restructuring legislation (1996 H.B. 1392)—when customer choice is introduced, services and rates must be unbundled to provide customers clear price information on the cost components of generation, transmission, distribution, and any other ancillary charges. The Commission's restructuring order implementing the bill requires utilities to file with the Commission cost-of-service studies that unbundle generation, transmission, and distribution. The distribution revenue requirement within the cost-of-service study must be further subdivided to reflect, at a minimum, metering, billing, and customer services.

Pennsylvania. Part of comprehensive restructuring legislation (1996 H.B. 1509)—the Commission must require the unbundling of electric utility services, tariffs, and customer bills to separate the charges for generation, transmission, and distribution. The Commission also is authorized to require the unbundling of other services.

Rhode Island. Part of comprehensive restructuring legislation (1996 H. 8124B)—on or before January 1, 1997, each utility had to file with the Commission unbundled rates which separately identify costs for use of transmission and distribution facilities. Such unbundled rates had to include transition charges and just and reasonable terms, conditions, and procedures for interconnection with small scale generating units located on the distribution system.

HOUSE BILL No. 2679

By Committee on Utilities

1-21

House Utilities
02-04-98
Attachment 2

9 AN ACT concerning retail electric bills to consumers; providing for dis-
10 closure of certain components.

11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. (a) As used in this section:

14 (1) "Commission" means the state corporation commission.

15 (2) "Distribution services" means services provided from the point
16 where electricity enters the distribution system to the point at which the
17 electricity is delivered to consumers.

18 (3) "Generation services" means provision of electricity and capacity
19 to generate electricity but does not include transmission or distribution
20 services.

21 (4) "Electric cooperative" means an electric cooperative public utility
22 that is not subject to the jurisdiction of the commission.

23 (5) "Electric public utility" means an electric public utility, as defined
24 by K.S.A. 66-101a and amendments thereto, that is subject to the juris-
25 diction of the commission.

26 (6) "Transmission services" means services provided from the point
27 where electricity is generated to the point at which the electricity enters
28 the distribution system.

29 (b) Before January 1, 1999, the commission shall adopt rules and
30 regulations requiring that, on and after ~~January 1, 2000~~, an electric public
31 utility's retail electric bills to consumers shall disclose the components
32 specified by subsection (d) and such other components as the commission
33 determines will adequately inform consumers.

34 (c) On and after ~~January 1, 2000~~

35 (1) An electric cooperative public utility's retail electric bills to con-
36 sumers shall disclose the components specified by subsection (d) and such
37 additional components as the cooperative determines will adequately in-
38 form consumers; and

39 (2) ~~A municipal electric~~ utility's retail electric bills to consumers shall
40 disclose the components specified by subsection (d), the component at-
41 tributable to budgeted transfers to the city general fund and such addi-
42 tional components as the governing body of the municipality determines
43 will adequately inform consumers.

(2) "Customer services" means services to provide for the functions of metering, billing and collection of bills. [Enron]

January 1, 2001 [KGE/Western Resources]
July 1, 2000 [KCC]

January 1, 2001 [KGE/Western Resources]
July 1, 2000 [KCC]

if a municipal electric utility participates in competition in retail sales of generation services, whether outside the utility's certified service territory or within only the utility's service territory or annexed territory, such [Ks Municipal Utilities]

; and (3) if a municipal electric utility does not participate in competition in retail sales of generation services, such utility shall provide the components described in subsection (c)(2) to any customer on request and shall publish annually in a newspaper of record or mail to all retail customers a typical electric bill for each class of customer, showing the components described in subsection (c)(2) [Ks Municipal Utilities]

1-2

1 (d) The following components are required to be disclosed pursuant
2 to subsections (b) and (c):

- 3 (1) Generation service charges;
- 4 (2) distribution service charges;
- 5 (3) transmission service charges;
- 6 (4) transactional taxes relating to the sale or furnishing of electricity

7 at retail; ~~and~~
8 (5) ~~the portion of the bill attributable to other taxes included in rates.~~

9 Sec. 2. This act shall take effect and be in force from and after its
10 publication in the statute book.

; and
(6) customer service charges [Enron]

(e) All costs incurred by a public utility to comply with the provisions of this section shall be recoverable in either in the utility's regulated rates or through a surcharge to be established by the commission. [KGE/Western Resources, KCPL]

(e) Nothing in this section shall be construed to grant the commission jurisdiction over municipal electric utilities or electric cooperatives not otherwise subject to commission jurisdiction. [Ks Municipal Utilities]

House Utilities
02-04-98
Attachment 3

HOUSE BILL No. 2679

By Committee on Utilities

1-21

9 AN ACT concerning retail electric bills to consumers; providing for dis-
10 closure of certain components.

11
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. (a) As used in this section:

14 (1) "Commission" means the state corporation commission.

15 (2) "Distribution services" means services provided from the point
16 where electricity enters the distribution system to the point at which the
17 electricity is delivered to consumers.

18 (3) "Generation services" means provision of electricity and capacity
19 to generate electricity but does not include transmission or distribution
20 services.

21 (4) "Electric cooperative" means an electric cooperative public utility
22 that is not subject to the jurisdiction of the commission.

23 (5) "Electric public utility" means an electric public utility, as defined
24 by K.S.A. 66-101a and amendments thereto, that is subject to the juris-
25 diction of the commission.

26 (6) "Transmission services" means services provided from the point
27 where electricity is generated to the point at which the electricity enters
28 the distribution system.

29 (b) Before January 1, 1999, the commission shall adopt rules and
30 regulations requiring that, on and after January 1, 2000, an electric public
31 utility's retail electric bills to consumers shall disclose the components
32 specified by subsection (d) and such other components as the commission
33 determines will adequately inform consumers.

July

34 (c) On and after January 1, 2000:

35 (1) An electric cooperative public utility's retail electric bills to con-
36 sumers shall disclose the components specified by subsection (d) and such
37 additional components as the cooperative determines will adequately in-
38 form consumers; and

39 (2) a municipal electric utility's retail electric bills to consumers shall
40 disclose the components specified by subsection (d), the component at-
41 tributable to budgeted transfers to the city general fund and such addi-
42 tional components as the governing body of the municipality determines
43 will adequately inform consumers.

if a municipal electric utility's annual gross revenues are \$200,000 or more, such

3-2

(d) The following components are required to be disclosed pursuant to subsections (b) and (c):

- 3 (1) Generation service charges;
- 4 (2) distribution service charges;
- 5 (3) transmission service charges;
- 6 (4) ~~transactional~~ taxes relating to the sale or furnishing of electricity
- 7 at retail ~~and~~
- 8 ~~(5) the portion of the bill attributable to other taxes included in rates~~

and sales, use and franchise

9 Sec. 2: This act shall take effect and be in force from and after its
10 publication in the ~~statute book~~

(e) Nothing in this section shall be construed to grant the commission jurisdiction over municipal electric utilities or electric cooperatives not otherwise subject to commission jurisdiction.

Kansas register

House Utilities
02-04-98
Attachment 4

HOUSE BILL No. 2679

By Committee on Utilities

1-21

9 AN ACT concerning retail electric bills to consumers; providing for dis-
10 closure of certain components.

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19 to generate electricity but does not include transmission or distribution
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22 that is not subject to the jurisdiction of the commission.

23 (5) "Electric public utility" means an electric public utility, as defined
24 by K.S.A. 66-101a and amendments thereto, that is subject to the juris-
25 diction of the commission.

26 (6) "Transmission services" means services provided from the point
27 where electricity is generated to the point at which the electricity enters
28 the distribution system.

29 (b) Before January 1, 1999, the commission shall adopt rules and
30 regulations requiring that, on and after January 1, 2000, an electric public
31 utility's retail electric bills to consumers shall disclose the components
32 specified by subsection (d) and such other components as the commission
33 determines will adequately inform consumers.

34 (c) On and after January 1, 2000:

35 (1) An electric cooperative public utility's retail electric bills to con-
36 sumers shall disclose the components specified by subsection (d) and such
37 additional components as the cooperative determines will adequately in-
38 form consumers; and

39 (2) a municipal electric utility's retail electric bills to consumers shall
40 disclose the components specified by subsection (d), the component at-
41 tributable to budgeted transfers to the city general fund and such addi-
42 tional components as the governing body of the municipality determines
43 will adequately inform consumers.

4-2

1 (d) The following components are required to be disclosed pursuant
2 to subsections (b) and (c):

- 3 (1) Generation service charges;
- 4 (2) distribution service charges;
- 5 (3) transmission service charges;
- 6 (4) ~~transactional~~ taxes relating to the sale or furnishing of electricity
- 7 at retail; ~~and~~

8 (5) the portion of the bill attributable to ~~other taxes included in rates~~
 9 Sec. 2. This act shall take effect and be in force from and after its
 10 publication in the statute book.

direct

indirect taxes paid by the utility or electric cooperative,
based on an average per kilowatt hour; and

(6) customer service charges

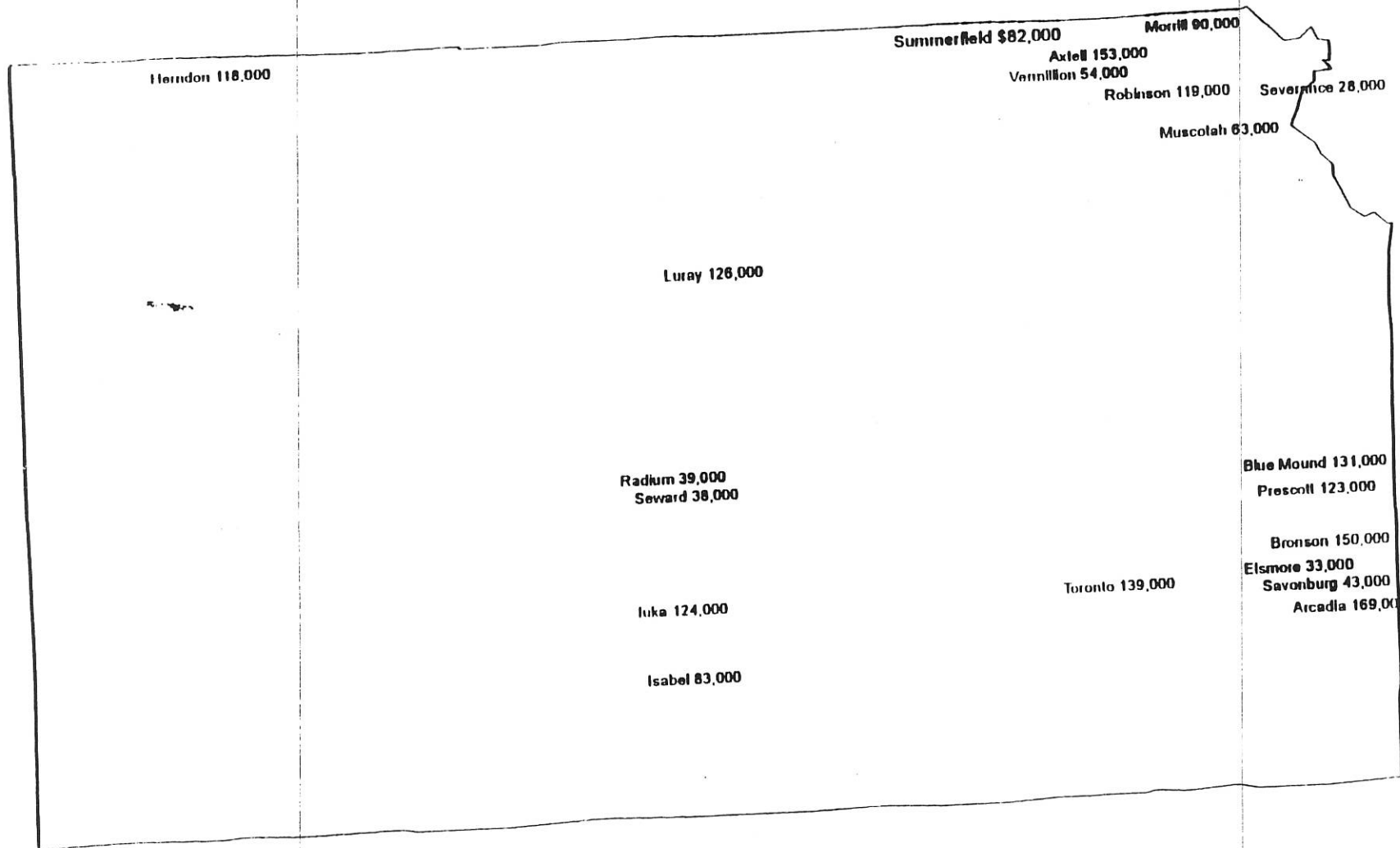
(e) Examples of the types of charges that constitute
customer service charges and the types of taxes that
constitute direct taxes and indirect taxes shall be given on
retail electric bills.

A	A	B
1	Severance	\$28,000
2	Elsmore	\$33,000
3	Seward	\$38,000
4	Radium	\$39,000
5	Savonburg	\$43,000
6	Vermillion	\$54,000
7	Muscotah	\$63,000
8	Summerfield	\$82,000
9	Isabel	\$83,000
10	Morrill	\$90,000
11	Hemdon	\$118,000
12	Robinson	\$119,000
13	Prescott	\$123,000
14	Iuka	\$124,000
15	Luray	\$126,000
16	Blue Mound	\$131,000
17	Toronto	\$139,000
18	Bronson	\$150,000
19	Axtell	\$153,000
20	Arcadia	\$169,000
21	Mulberry	\$235,000
22	Holyrood	\$235,000
23	La Harpe	\$238,000
24	Lucas	\$273,000
25	Scranton	\$273,000
26	Centralia	\$293,000
27	Galva	\$295,000
28	Moran	\$295,000
29	Glen Elder	\$302,000
30	Glasco	\$307,000
31	Enterprise	\$344,000
32	Cawker City	\$352,000
33	Udall	\$368,000
34	Waterville	\$375,000
35	Attica	\$388,000
36	Pomona	\$390,000
37	Mount Hope	\$400,000
38	Elwood	\$411,000
39	Troy	\$481,000
40	Jetmore	\$493,000
41	Alma	\$497,000
42	Altamont	\$500,000
43	Mankato	\$518,000
44	Montezuma	\$561,000
45	Chetopa	\$582,000
46	Ashland	\$603,000
47	Sharon Springs	\$606,000
48	Chapman	\$620,000
49	Wathena	\$621,000
50	Oxford	\$648,000
51	Burlingame	\$651,000
52	Erie	\$653,000
53	Haven	\$789,000
54	Stafford	\$806,000

House Utilities
02-04-98
Attachment 5

State of Kansas - Municipal Electric Utilities 1995 Retail Revenues Below \$200,000*

5-2



*Revenue information published in Public Power, January - February 1997,
American Public Power Association.

State of Kansas - Municipal Electric Utilities
1995 Retail Revenues Below \$200,000*

<u>City</u>	<u>1995 Retail Revenue</u>	<u>Population</u>
Arcadia	\$169,000	313
Axtell	\$153,000	379
Blue Mound	\$131,000	225
Bronson	\$150,000	313
Elsmore	\$ 33,000	86
Herndon	\$118,000	160
Isabel	\$ 83,000	99
Iuka	\$124,000	169
Luray	\$126,000	233
Morrill	\$ 90,000	292
Muscotah	\$ 63,000	161
Prescott	\$123,000	284
Radium	\$ 39,000	45
Robinson	\$119,000	285
Savonburg	\$ 43,000	108
Severance	\$ 28,000	91
Seward	\$ 38,000	59
Summerfield	\$ 82,000	160
Toronto	\$139,000	320
Vermillion	\$ 54,000	106

*Revenue information published in Public Power, January - February 1997, American Public Power Association.